

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
OFFICE OF FINANCIAL AND INSURANCE REGULATION
Before the Commissioner of Financial and Insurance Regulation

Office of Financial and Insurance Regulation,
Petitioner

v

Enforcement Case No. 10-7595

Melvin K. Matthews
System ID # 0319350,
Respondent

For the Petitioner:

Conrad Tatnall
Office of Financial and Insurance Regulation
P.O. Box 30220
Lansing, MI 48909-7720

For the Respondent:

Melvin K. Matthews


Issued and entered
this 12th day of December 2011
by R. Kevin Clinton
Commissioner

FINAL DECISION

I. BACKGROUND

Respondent Melvin K. Matthews is a resident insurance producer authorized to transact the business of insurance in Michigan. In August 2009, the Office of Financial and Insurance Regulation (OFIR) received information that Respondent had engaged in fraudulent conduct in connection with the sale of insurance policies. OFIR investigated the complaint and initiated a compliance action.

On September 1, 2011, OFIR issued an Administrative Complaint and Order for Hearing which was sent to Respondent. The administrative complaint set forth detailed allegations that Respondent had failed to comply with section 1239(1)(h) of the Michigan Insurance Code (Code), MCL 500.1239(1)(h).

The order for hearing required Respondent to take one of the following actions within 21 days: agree to a resolution of the case, file an answer to the allegations with a statement that Respondent plans to attend the hearing, or request an adjournment. Respondent failed to take any of these actions.

On November 22, 2011, OFIR staff filed a Motion for Final Decision. Respondent did not file a reply to the motion. Given Respondent's failure to answer, Petitioner's motion is granted. The administrative complaint, being unchallenged, is accepted as true. Based on the administrative complaint, the Commissioner makes the following findings of fact and conclusions of law.

II. FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. Respondent Melvin K. Matthews is a licensed resident producer in the state of Michigan.
2. In August 2009, OFIR received a complaint from Americo Financial Life and Annuity Insurance Company alleging that Respondent, while an agent of Americo, wrote nine life insurance policies for non-existing individuals and collected \$11,212.47 in unearned commissions.
3. By creating insurance documents for non-existing individuals and collecting commissions based on those documents, the Respondent engaged in fraudulent, dishonest, and untrustworthy conduct.
4. Section 1239(1)(h) of the Code, MCL 500.1239(1)(h), allows the Commissioner to revoke an insurance producer's license for using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.
5. Section 1244(1) of the Code, MCL 500.1244(1), provides:

If the commissioner finds that a person has violated this chapter, after an opportunity for a hearing pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, the commissioner shall reduce the findings and decision to writing and shall issue and cause to be served upon the person charged with the violation a copy of the findings and an order requiring the person to cease and desist from the violation. In addition, the commissioner may order any of the following:

(a) Payment of a civil fine of not more than \$500.00 for each violation. However, if the person knew or reasonably should have known that he or she was in violation of this chapter, the commissioner may order the payment of a civil fine of not more than \$2,500.00 for each violation. An order of the commissioner under this subsection shall not require the payment of civil fines exceeding \$25,000.00. A fine collected under this subdivision shall be turned over to the state treasurer and credited to the general fund of the state.

- (b) A refund of any overcharges.
- (c) That restitution be made to the insured or other claimant to cover incurred losses, damages, or other harm attributable to the acts of the person found to be in violation of this chapter.
- (d) The suspension or revocation of the person's license.

III. ORDER

Based on the Respondent's conduct and the applicable law cited above:

1. The resident insurance producer license of Respondent Melvin K. Matthews is revoked.
2. Respondent Melvin K. Matthews shall pay restitution of \$11,212.47 to Americo Financial Life and Annuity Insurance Company.



R. Kevin Clinton
Commissioner